

STATE OF MAINE
PUBLIC UTILITIES COMMISSION

May 23, 2003

Lincolntown Telephone Company,
Request for Universal Service Funding
Docket No. 2002-518

EXAMINER'S REQUEST FOR
FURTHER ARGUMENT

Tidewater Telephone Company,
Request for Universal Service Funding
Docket No. 2002-529

On May 19, 2003, Lincolntown and Tidewater Telephone Companies each filed a Motion to Amend Order in the above-captioned cases. The motions were filed in conjunction with proposed Rate Plans, required by the Orders issued on March 5, 2003, in these cases. The Motions request the Commission to amend the orders pursuant to its powers under 35-A M.R.S.A. § 1321. The Commission's powers under that section are discretionary.

The Motions are based, at least in part, on amendments to 35-A M.R.S.A. § 7101-B, effective on May 2, 2003. The amended statute provides a new final date (May 31, 2005) by which local exchange carriers must reduce intrastate access rates to interstate levels (that existed on January 1, 2003), and contains other provisions that address access rate reductions and local rate increases in the meantime.

The motions seek to set aside and modify orders that require the Companies to reduce intrastate access rates to their interstate levels on May 30, 2003. The Orders also establish a specified level of funding from the Universal Service Fund for each of the Companies. The Companies have proposed revenue-neutral modifications to each of these amounts: the reductions in intrastate access rates would themselves be reduced (i.e., revenues from those rates would be greater) and support from the USF would be less (by approximately the same revenue amount). In short, under either the existing orders or the proposed changes, the Companies would realize approximately the same amount of revenue. The Rate Plans also propose stepped increases to local rates, but there is no reason why those increases would differ under either scenario.

The Companies have presented legal arguments (based on the amended statute) why the Commission is required, or at least should, grant their motions. In the event that the Commission has discretion concerning these issues, the Companies have presented no argument, however, concerning why the Companies have any interest in making the changes, given that they will have no

financial impact on the companies and an indeterminate (but very small) impact on telephone customers in the state.¹ The present memoranda also fail to take account of the fact that the proposed changes will result in additional work for the Commission and the USF Administrator, overcollection by the Fund (for the second quarter 2003), and the need to compensate for that overcollection in a future quarter. Accordingly, by May 28, 2003, the Companies shall file further memoranda explaining why they have an interest in shifting a portion the burden of support for the Companies from the Universal Service Fund to access rates that are higher than the amounts ordered in the March 5 Orders.

Dated at Augusta, Maine, this 23rd day of May, 2003.

BY ORDER OF THE HEARING EXAMINER

Peter Ballou

¹ If the Companies' motions were granted, the USF revenue percentage (the amount carriers must contribute) and maximum surcharge (the amount customers must pay) probably would be reduced from 1.7% to 1.6%. (The exact amount depends on reported revenues for the second quarter). The higher access rates that interexchange carriers would have to pay to the Companies may or may not have an effect on retail toll rates.